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**Federated**

WORLD-CLASS INVESTMENT MANAGER<sup>®</sup>

August 12, 2008

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OFFICE OF THE SECRETARY

Ms. Florence E. Harmon, Acting Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

**Re: File No. S7-12-08,  
Proposal Regarding "Interactive Data for Mutual Fund Risk/Return Summary"**

Dear Ms. Harmon:

This letter presents the comments of Federated Investors, Inc. and its subsidiaries ("Federated")<sup>1</sup> on the recent issuance by the Securities and Exchange Commission ("SEC," or "Commission") of a Release proposing, and seeking comments on, rules that would require mutual funds to file the "risk/return summary" section of their prospectuses with the Commission in interactive data format using the eXtensible Business Reporting Language ("XBRL"), and to post these XBRL files on their Web sites (the "mandatory XBRL Proposal").<sup>2</sup>

As a preliminary matter, Federated has reviewed the comment letter on this subject submitted by the Investment Company Institute ("ICI") and as a general matter expresses its strong support for the points made therein. Federated is one of the few mutual fund sponsors that participated in the Commission's voluntary program for making such submissions (the "voluntary XBRL Program"), and thus has first-hand experience with the process and with the very serious problems related to making such filings, as reviewed generally in the ICI's letter and discussed more specifically below.

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<sup>1</sup> Federated Investors, Inc. is one of the largest investment management firms in the United States, managing \$333.5 billion in assets as of June 30, 2008. With 147 mutual funds and a variety of separately managed accounts options, Federated provides comprehensive investment management to more than 5,400 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. We regret that, due to the complexity of this matter and the press of other business, we were unable to submit this letter by the requested date, and we hope the Commission will nevertheless consider our comments.

<sup>2</sup> The amendments were published for comment in Release Nos. 33-8929, 34-57942, and IC-28298, June 10, 2008; 73 FR 35442, June 23, 2008 ("Release").

**Federated is taking this opportunity to comment primarily to urge that the Commission:**

- **Defer any further action on the mandatory XBRL Proposal until:**
  - **It has determined a final course of action regarding its pending proposal to make significant changes to the risk/return summary<sup>3</sup> (as discussed at length in the ICI letter)**
  - **It has accumulated much more meaningful experience with operation of the voluntary XBRL Program;**
  - **Significant technical issues relating to the existing data tagging taxonomy and the related technological tools necessary to put such data to use (as discussed at length in the ICI letter and elaborated on below) have been successfully resolved; and,**
  - **It has performed a more realistic analysis of whether, and if so, how, adopting such requirements would benefit mutual fund investors;**
- **Eliminate provisions imposing automatic penalties (“consequences”) for non-compliance with XBRL submission and/or posting requirements; and**
- **After addressing the above matters, if the Commission chooses to proceed in this area, re-issue the mandatory XBRL Proposal for public comment.**

**The Commission Should Defer Further Action on the Mandatory XBRL Proposal Until There Is Assurance that the Taxonomy and Necessary Tools Will Work Properly.**

As noted above, Federated is one of the few mutual fund sponsors that participated in the Commission’s voluntary XBRL Program. Based on its experience with making test filings of tagged risk/return summary information under that Program, Federated strongly supports the ICI’s comments regarding the extensive deficiencies that currently exist with the filing and viewing of such information. Based on its experience, as described below, Federated has concluded that the taxonomy, conversion methods, and viewer tools are not sufficiently developed to sustain a mandatory filing requirement. Due to the present significant deficiencies, Federated believes it would be irresponsible for the Commission to proceed with adoption of the mandatory XBRL Program *before there is assurance that these have been remedied.*

Federated submitted its first voluntary filing on February 29, 2008. Since Federated’s current document production process is not data-driven from a content management system, the XBRL conversion was done after completion of the print production process using a manual tagging

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<sup>3</sup> See Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, SEC Release Nos. 33-8861 and IC-28064 (Nov. 21, 2007), 72 Fed. Reg. 67790 (Nov. 30, 2007) (“Summary Prospectus Proposal”).